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INFORMATION REPORT

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COUNTRY Yugoslavia

SUBJECT Economic Situation in Yugoslavia

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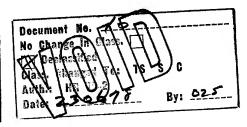
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- 1. The mass movement of Yugoslav trops in recent times has created a serious economic problem in the country. Because of this, the regime has found it necessary to issue a second national loan. The fact that the economic situation in Yugoslavia has deteriorated considerably has been openly discussed by many and varied sources, including top Yugoslav leaders.
- 2. There has been a steady rise in all prices particularly affecting foodstuffs which are sorely lacking. The people are gripped with fear at the thought of the approaching winter. The issuance of supplies in stock has been reduced and is not being made regularly any longer.
- 3. The markets are almost empty with only a scanty amount of tomatoes, peppers, grapes, and melons on sale. It is very difficult to find lettuce and potatoes, the latter costing 80 dinars: kilo. To buy a newspaper it is necessary to stand in line an hour, and many hours are lost in the same manner for the purchase of cigarettes or tolicco. A kilo of sugar costs between 700 and 1,000 dinars; 100 kilos of grain cost 7,000 dinars, and 100 kilos of flour cost between 12,000 and 14,000 dinars.
- 4. People residing in the cities go to nearby villages to purchase their basic staple needs. Office emplayees are on a starvation diet, and the food in restaurants is poor and insufficient.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

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